

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF GAS COST ADJUSTMENT)	
FILING OF JOHNSON COUNTY GAS)	CASE NO. 10415-BB
COMPANY, INC.)	

O R D E R

On April 24, 1991, in Case No. 91-004, the Commission approved adjustments to the rates of Johnson County Gas Company, Inc. ("Johnson County") on a quarterly basis in accordance with the Gas Cost Adjustment ("GCA") Clause set forth in the Order.

On November 27, 1996, Johnson County filed its GCA to become effective from January 1, 1997 to April 1, 1997. On December 12, 1996, Johnson County filed up-dated cost information to be used in the calculation of its expected gas cost ("EGC".)

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Johnson County's notice of November 27, 1996, as up-dated December 12, 1996, proposed rates designed to pass on its increased wholesale gas costs to its customers. Johnson County's expected gas cost ("EGC") should be \$4.8162 per Mcf.

2. Johnson County's notice set out no refund adjustment. The total refund adjustment of 1.9 cents per Mcf is a previous quarter adjustment.

3. Johnson County's notice set out a current quarter actual adjustment ("AA") of (3.0) cents per Mcf to return over-recovered gas cost from July, August, and September 1996. The proposed total AA of 86.5 cents per Mcf reflects the current over-recovery as well as under- and over-recoveries from previous quarters.

4. Johnson County's notice set out a current quarter balance adjustment ("BA") of (.1) cent per Mcf. The current BA should be .1 cent per Mcf. Johnson County's total BA of (2.15) cents per Mcf reflects the current and three previous quarters' BAs.

5. These adjustments produce a gas cost recovery rate of \$5.6407 per Mcf, 4.93 cents per Mcf more than the prior rate.

6. The corrected rate adjustment in the Appendix to this Order is fair, just, and reasonable, in the public interest, and should be approved for service rendered on and after January 1, 1997.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Johnson County are hereby denied.
2. The rates in the Appendix to this Order are fair, just, and reasonable, and are effective for service rendered on and after January 1, 1997.
3. Within 30 days of the date of this Order, Johnson County shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 19th day of December, 1996.

PUBLIC SERVICE COMMISSION

Linda K. Breathitt
Chairman

Ernest W. Brown
Vice Chairman

B. J. Helton
Commissioner

ATTEST:

Don Mills
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 10415-BB DATED DECEMBER 19, 1996

The following rates and charges are prescribed for the customers served by Johnson County Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
Customer Charge			\$3.00
All Mcf	\$2.9871	\$5.6407	\$8.6278

A surcharge of \$.4155 per Mcf will be added to the above rates until the obligation owed to Kentucky West Virginia Gas Company has been discharged or is recalculated.